

701—10.96(450A) Penalty—delinquent return and payment for deaths occurring before January 1, 1991. Effective for generation skipping transfers which are eligible for the federal credit for state generation skipping transfer tax under Section 2604 of the Internal Revenue Code, a penalty of 7.5 percent of the tax due is imposed for failure to pay at least 90 percent of the tax due on or before the date prescribed for payment, taking into consideration any extension of time granted to pay the tax due. The penalty imposed cannot be waived by the director. However, penalty cannot be imposed if any of the five exceptions enumerated in Iowa Code section 421.27 are established by the taxpayer. The term “tax due” means the correct amount of tax due which may, due to an audit or an adjustment in the amount of the federal generation skipping transfer tax, be a different amount than the tax shown as due on the return. If a penalty is applicable, it is computed on the amount of the tax that has not been timely paid, taking into consideration any extension of time granted to pay the tax due. See rule 701—10.6(421) for penalty for delinquent return and payment of tax due for deaths occurring on or after January 1, 1991.